

SOUTH BEND REDEVELOPMENT COMMISSION REGULAR MEETING

October 19, 2007

10:00 a.m.

Presiding: Marcia I. Jones, President

227 West Jefferson Boulevard

South Bend, Indiana

1. ROLL CALL

Members Present:

Ms. Marcia Jones, President
Mr. Karl King, Vice President
Mr. Greg Downes, Secretary
Mr. Hardie Blake, Jr.
Mr. Ken Peczkowski

Legal Counsel:

Mr. Charles S. Leone, Esq.
Mr. Shawn Peterson, Esq.

Redevelopment Staff:

Mr. Don Inks, Director
Mrs. Cheryl Phipps, Recording Secretary
Mr. Jeffrey Gibney, Executive Director
Mr. Bill Schalliol, Economic Development Specialist
Mr. Robert Mathia, Economic Development Specialist
Ms. Jennifer Laurent, Economic Development Specialist
Mr. Nicholas Witwer, Economic Development Specialist
Ms. Debrah Jennings, Property Manager

Others Present:

Mr. Tom Price, Mayor's Office
Mr. Paul Meyer, Downtown South Bend
Mr. Phil St. Clair, Parks & Recreation
Ms. Betsy Harriman, Parks & Recreation
Mr. Marco Mariani, Downtown South Bend
Ms. Jamie Loo, South Bend Tribune
Ms. Rita Kopala
Ms. Linda Wolfson, Community Forum for Economic Dev
Mr. Brad Toothaker, CB Richard Ellis
Mr. Shawn Todd, CB Richard Ellis
Ms. Connie Ackles, Grubb & Ellis, Cressy & Everett
Ms. Sandy Adler
Ms. Amy Hill
Ms. Donna Chamblee, Cooreman Real Estate Group
Ms. Judith Rubleske
Ms. Charlotte Sobel, South Bend Heritage Foundation
Ms. Martha Lewis
Mr. Joseph Tillman

South Bend Redevelopment Commission
Regular Meeting –October 19, 2007

2. APPROVAL OF MINUTES

**A. Approval of Minutes of the Regular Meeting of
Friday, October 5, 2007.**

Upon a motion by Mr. King, seconded by Mr.
Downes and unanimously carried, the Commission
approved the Minutes of the Regular Meeting of
Friday, October 5, 2007.

COMMISSION APPROVED THE MINUTES OF THE
REGULAR MEETING OF FRIDAY, OCTOBER 5,
2007

**B. Approval of Minutes of the Special Meeting of
Tuesday, October 9, 2007.**

Upon a motion by Mr. King, seconded by Mr.
Downes and unanimously carried, the Commission
approved the Minutes of the Special Meeting of
Tuesday, October 9, 2007.

COMMISSION APPROVED THE MINUTES OF THE
SPECIAL MEETING OF TUESDAY, OCTOBER 9,
2007

3. APPROVAL OF CLAIMS

Redevelopment Commission Claims submitted October 19, 2007 for approval.

324 AIRPORT AEDA

CFH Landscape Services	\$	593.50
Ken Herceg & Associates, Inc.		15,998.45
DLZ		75,525.00
Krisor & Associates		250.00

414 SAMPLE EWING GENERAL

CFH Landscape Services	1,890.00
South Bend Water Works	318.16

420 FUND TIF DISTRICT-SBCDA GENERAL

Ortiz Concrete	12,319.00
Indiana Michigan Power	425.99
Schindler Elevator Corporation	127.68
Rose Pest Solutions	90.00
AT & T	26.94
CB Richard Ellis	816.03
R.E. Pitts & Associates, Inc.	6,150.00
R.E. McCloskey & Associates, Inc.	5,000.00
CFH Landscape Services	324.50
CB Richard Ellis	924.93

South Bend Redevelopment Commission
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3. APPROVAL OF CLAIMS (CONT.)

AT & T	27.05	
Downtown South Bend, Inc.	46,062.50	
<u>422 FUND WEST WASHINGTON</u>		
CFH Landscape Services	120.00	
<u>426 FUND MEDICAL DISTRICT TIF</u>		
DLZ	55,200.00	
<u>428 FUND AIRPORT 2003 BOND</u>		
R&R Excavating	613,945.04	Voorde Drive Extension
Selge Construction Co. Inc.	268,977.71	Olive Road Reconstruction
<u>430 FUND SOUTH SIDE DEVELOPMENT</u>		
CFH Landscape Service	210.00	
	\$ 1,105,322.48	
Total	<u>\$ 1,105,322.48</u>	

Mr. Peczkowski asked for the breakdown of the DTSB claim. Mr. Inks gave him a copy of the claim. Mr. Inks also noted that based on review at previous Commission meetings, staff did send a letter to DTSB and committed to doing a walkthrough of the downtown with DTSB in conjunction with their next claim. Mr. Inks and Mr. Mariani did that walkthrough and reviewed the work that had been requested.

Mr. Peczkowski said that he noticed that the last of the shortcomings he had photographed were completed just last week. However, the litter patrol seems to be still inadequate. The litter that had been in the area of Main and LaSalle for three months was cleaned up, but after that there is litter that has been in other containers for three weeks. He thinks the organization is being overpaid for very little work.

Mr. Downes made a motion to approve the Claims submitted October 19, 2007. Mr. King seconded the motion. The vote was four to one with Mr. Peczkowski opposed. The motion carried.

COMMISSION APPROVED THE CLAIMS
SUBMITTED OCTOBER 19, 2007, AND ORDERED
THE CHECKS TO BE RELEASED

4. COMMUNICATIONS

**A. Petition from citizens and stakeholders
regarding purchase and demolition of the 500
block of South Michigan Street. (Fat Daddy's
Block)**

Mr. Inks noted that a petition was received from citizens and stakeholders in the 500 block of S. Michigan Street, more commonly referred to as the Fat Daddy's block. He read the following heading from the petition:

We the undersigned concerned citizens and stakeholders of South Bend and St. Joseph County hereby express our opposition to the announced plan to purchase and demolish the 500 block of South Michigan Street, commonly known as Fat Daddy's block. We urge South Bend city officials, elected and otherwise, to pursue alternative uses for the existing buildings, for the purposes of both preserving our architectural heritage and what we believe to be a more prudent use of public funds.

Mr. Inks noted that there are 475 signatures on the petition. There has not been any kind of verification of those signatures.

Mr. King stated that he believes the petition is objecting to something for which there is no plan. He has no knowledge of any Commission meeting he has attended or any paperwork he has seen that says anything about demolishing buildings in the Fat Daddy's block.

Ms. Martha Lewis said that she pulled an article off the Internet from Inside Indiana Business entitled, "South Bend Plans for New Development Downtown." Number 8 in the list of things planned for downtown was "demolition of the Fat Daddy's block." Also, people in some of the offices downtown have told her that that was their

4. COMMUNICATIONS (CONT.)

A. continued...

plan. That's what inspired a group of people to make their voices known that they were interested in not having it torn down. We want to keep it on the tax rolls and in the private sector and not owned by the city.

Mr. King noted that he appreciates public input and discussion on such things. His point was that he, too, has seen that kind of misinformation in the press. None of those people is a member of the Commission. If the decision is made to demolish that block, it will be made right here in the course of a public meeting. What Gary Dick puts in Inside Indiana Business or what other people spread as rumors, please pay attention to the fact that it's the Commission who will decide. So far, no decision has been made to demolish the buildings. He asked that she communicate that back to the people she knows who have an interest in this issue. If it is possible to save those buildings, that would be terrific. No decision has been made to demolish those buildings.

Ms. Lewis noted that they simply wanted to get their wishes known about the issue.

Ms. Jones reiterated that the Commission appreciates the public input and discussion. That is what makes the public process work.

Mr. Peczkowski said that because of the Commission's discussion of the Fat Daddy's block, he was interested in the former Witmer-McNeese building across the street. He took the liberty of calling the phone number on the For Rent in the window. He spoke with the new owner, Roy Diaz, who lives in California and whose son attends Holy Cross College in South Bend. Mr. Diaz had

4. COMMUNICATIONS (CONT.)

A. continued...

also heard the rumors about the demolition of the Fat Daddy's block. Mr. Peczkowski asked Mr. Diaz his opinion of that and about the Fat Daddy's project. Mr. Diaz was surprised that the city was interested in buying the building when he , himself, would like to buy the building. Mr. Peczkowski believes there is private interest and that the Commission is jumping the gun to put it on its acquisition list in two weeks. Mr. Diaz claims his interest in the block would be to rehab it. He would not demolish it. He is concerned about his inability to rent the Witmer-McNeese building. So far the only contact has he has had for his space is from a bar, which he feels is an incompatible use with the tenant upstairs, an art studio. Mr. Diaz hopes the city will back off on the Fat Daddys purchase.

Upon a motion by Mr. King, seconded by Mr. Downes and unanimously carried, the Commission accepted the petition presented regarding purchase and demolition of the 500 block of South Michigan Street.

COMMISSION ACCEPTED THE PETITION PRESENTED REGARDING PURCHASE AND DEMOLITION OF THE 500 BLOCK OF SOUTH MICHIGAN STREET.

5. OLD BUSINESS

There was no Old Business.

THERE WAS NO OLD BUSINESS

6. NEW BUSINESS

A. Public Hearings

- (1) Public Hearing on Resolution No. 2382
amending the Airport Economic
Development Area Development Plan.
(adding 1624 and 1630 Maplewood to the
acquisition list)**

6. NEW BUSINESS (CONT.)

A. Public Hearings

(1) continued...

Mr. Inks noted that the public hearing file is complete, containing: (1) a Notice of Hearing; (2) a copy of Resolution No. 2382, (3) an affidavit from the South Bend Tribune that the Notice of Hearing was published in that newspaper on October 5, 2007; (4) an affidavit from the Tri-County News that the Notice of Hearing was published in that newspaper on October 5, 2007; (5) a statement from Mr. Witwer that on October 5, 2007 affected property owners and registered neighborhood associations were sent Notice of the Public Hearing; and (6) as of 10:00 a.m., no written remonstrances were received.

Mr. Witwer noted that Resolution No. 2382 will add two properties to the Acquisition List of the Airport Economic Development Area Development Plan: 1624 and 1630 Maplewood. These are two residential properties are in an otherwise industrial area. The Commission has already purchased two other homes behind these on Knoblock Street. All of them are voluntary acquisitions.

Ms. Jones opened the Public Hearing for anyone who wished to speak regarding Resolution No. 2382. There was no one who wished to speak. Ms. Jones closed the Public Hearing for whatever action the Commission wished to take.

PUBLIC HEARING ON RESOLUTION NO. 2382

(2) Commission approval requested for Resolution No. 2382.

6. NEW BUSINESS (CONT.)

A. Public Hearings

(2) continued...

Mr. Peczkowski noted that the Maplewood address appears to be just east of what was classically considered as the industrial park. Mr. Witwer responded that it is at the western edge of the industrial park, but we expect the industrial park to grow and surround these properties.

Mr. Inks explained that these five acquisitions are voluntary acquisitions. Staff has been approached by the property owners who are surrounded by industrial development and wish to be bought out. As the Commission supports industrial development, we recognize its impact on nearby residences and to the extent we can, we accommodate those people and buy out their property at market value.

Upon a motion by Mr. Downes, seconded by Mr. Peczkowski and unanimously carried, the Commission approved Resolution No. 2382 amending the Airport Economic Development Area Development Plan.

COMMISSION APPROVED RESOLUTION NO. 2382
AMENDING THE AIRPORT ECONOMIC
DEVELOPMENT AREA DEVELOPMENT PLAN

**(3) Public Hearing on Resolution No. 2383
amending the West Washington-Chapin
Development Area Development Plan.
(Contracting the boundaries)**

Mr. Inks noted that we intended to hold a public hearing today on Resolution No. 2383, but the Notice of Hearing did not get published in the Tri-County News as required. The public hearing on Resolution No. 2383 is being rescheduled for the

6. NEW BUSINESS (CONT.)

A. Public Hearings

(3) continued...

Commission's regular meeting on
November 2.

Upon a motion by Mr. King, seconded by
Mr. Downes and unanimously carried, the
Commission rescheduled the Public Hearing
on Resolution No. 2383 to 10:00 a.m.,
November 2, 2007.

COMMISSION RESCHEDULED THE PUBLIC
HEARING ON RESOLUTION NO. 2383 TO
10:00 A.M., NOVEMBER 2, 2007.

Mr. Inks noted for anyone interested in
attending that public hearing, the
November 2, 2007 meeting will take place at
Madison Center, in the Meeting Room West.

**(4) Commission approval requested for
Resolution No. 2383.**

Action on this item tabled until November 2
following the Public Hearing.

ITEM TABLED

Mr. Inks asked that Item 6.G.(1), (2) and (3) be moved
up on the agenda. These items include a public hearing
which is more appropriate at this point in the meeting.
There was no objection and the items were so moved.

G. Douglas Road Economic Development Area

**(1) Commission approval requested for
Resolution No. 2390 authorizing the
issuance of City of South Bend, Indiana,
Redevelopment District Tax Increment
Revenue Bonds of 2007.**

Mr. Inks noted that these items were late
additions to the agenda. Staff expected
negotiations would be further along, so a

6. NEW BUSINESS (CONT.)

G. Douglas Road Economic Development Area

(1) continued...

Public Hearing was scheduled for today. We are not ready to proceed today, so he asked that Item 6.G.(1) be tabled until the November 2 meeting.

Upon a motion by Mr. King, seconded by Mr. Downes and unanimously carried, the Commission tabled Item 6.G.(1) to November 2, 2007.

COMMISSION TABLED ITEM 6.G.(1) TO
NOVEMBER 2, 2007

(2) Public Hearing on Resolution No 2391 appropriating the proceeds (including investment earnings thereon) of the Redevelopment District Tax Increment Revenue Bonds.

Mr. Peterson noted that the Commission established the Douglas Road Economic Development Area in 2005 for the purpose of establishing a tax increment financing district to fund the expansion of Douglas Road between S.R. 23 and the Mishawaka city limits to provide for development in that area. Since that time a project has come on line, the Memorial Health and Home facility at 3355 Douglas Road. That facility will pay its first taxes in 2008, so it will be possible in 2008 to use the tax increment in the development area to leverage the completion of the Douglas Road improvements. Staff has been in conversation with Holladay properties which owns other property in that area about another development that could be coming on line and trying to make a deal come together to make this happen. We started in the spring of 2007 because of the

6. NEW BUSINESS (CONT.)

G. Douglas Road Economic Development Area

(2) continued...

revenue projections as well as market conditions. That didn't quite work in the way it was going to be structured. We thought we had a deal coming up at the end of the month when Wells Fargo, who was financing some of their other improvements, had agreed to help purchase this bond. Unfortunately, on Tuesday, we received a call from Wells Fargo that they had made another requirement on the purchase that wasn't acceptable to every party involved. We had drafts of everything ready on Wednesday that had to be pulled. We're now hoping to be able to work something out before the end of the month because we do have a good construction bid that came in. We wanted to let you know why this came on so suddenly—to be able to award the construction bid ahead of pricing for next year's construction. If you would open the Public Hearing and then continue it until November 2, we wouldn't have to republish the notice.

Mr. King asked if making the changes required by the financial institution would result in substantive changes to Resolution No. 2391 the way it has been published? Mr. Peterson responded that the parameters outlined in Resolution No. 2391 will remain the same. The maximum bond to be authorized will be \$1,300,000. The maximum interest rate will be the same as has been advertised.

Mr. Peczkowski asked why Holladay

6. NEW BUSINESS (CONT.)

G. Douglas Road Economic Development Area

(2) continued...

Properties would serve as the guarantee on this bond. Will Holladay be building the street? Mr. Peterson responded that the City of South Bend will construct the road. The reason Holladay would guarantee the bond is because there isn't a long history of increment in the Douglas Road Economic Development Area. It wouldn't readily appear that there would be enough increment to support payments on the bond. When Holladay's new development comes on line, there will be enough increment to repay the bond.

Mr. Peczkowski asked what Holladay is putting at risk. Mr. Peterson responded that what security Holladay will put up is what is still being worked out.

Ms. Jones opened the Public Hearing for whoever wished to be heard concerning Resolution No. 2391. Hearing no one, she asked if the Commissioners wished to continue the hearing until 10:00 a.m., November 2, 2007.

Upon a motion by Mr. King, seconded by Mr. Downes and unanimously carried, the Commission continued the Public Hearing on Resolution No. 2391 until 10:00 a.m., November 2, 2007.

COMMISSION CONTINUED THE PUBLIC HEARING
ON RESOLUTION NO. 2391 UNTIL 10:00 A.M.,
NOVEMBER 2, 2007

**(3) Commission approval requested for
Resolution No. 2391.**

Item 6.G.(3) was tabled to November 2, 2007

ITEM 6.G.(3) WAS TABLED

6. NEW BUSINESS (CONT.)

B. South Bend Central Development Area

- (1) Commission approval requested for Resolution No. 2388 related to acquisition of property in the South Bend Central Development Area. (505 and 513 S. Michigan St, Fat Daddy's Outlet and former Beebe Cabinet)**

Ms. Laurent noted that Resolution 2388 sets the offering price for two properties outlined in the Downtown Development Strategy as key acquisitions. The first is Fat Daddy's Outlet at 505 S. Michigan, with a fair reuse value established at \$101,500 and the second is the vacant Beebe Cabinet building at 517 S. Michigan with a fair reuse value established as \$87,000. The fair reuse value is set as the average of two certified MAI appraisals. The resolution authorizes an offer to purchase to be sent to these property owners. Both are listed with commercial real estate brokers and thus we consider them to have willing sellers.

Documentation of the poor condition of both of these buildings is contained within the appraisals. Fire has destroyed one of the buildings entirely; the majority of square footage is currently unused or abandoned, and all have exhausted the economic life expected of commercial buildings when needed maintenance and renovations have not taken place. The depth of the buildings and lack of elevators contributes to their functional obsolescence. A commercial enterprise, Fat Daddy's Outlet, continues to operate in one of the buildings, and thus we want to be sensitive to ongoing business operations in any discussions about the future

6. NEW BUSINESS (CONT.)

B. South Bend Central Development Area

(1) continued...

use of the site. We understand the family is interested in liquidating the assets of the business, and is pursuing the sale of the inventory separately and simultaneously with the real property.

Upon acquisition, it would be our intention to engage a professional design and engineering firm with experience in stabilizing building facades to study the reuse of the street face of the block. There is consensus that the scale and vestiges of character of the buildings contribute valuably to the historic urban core of South Bend. City Plan established policy that demolition is a last resort and staff takes that very seriously. The market potential for redevelopment of the site is compelling, but cannot be understood in a vacuum. We will be incorporating this important site anchoring the southern end of downtown as we take a comprehensive look at planning for connectivity and rebirth of the area around Coveleski stadium, the Main Library expansion and redevelopment of the former Studebaker Museum site.

Mr. Peczkowski noted that he has already presented a private sector buyer. Mr. Diaz is aware of the appraised value the Commission has set as the purchase offer. He has asked that he be given two weeks to pursue a purchase. Mr. Peczkowski doesn't see the need for the Commission to rush to send the purchase offer before the private sector has been given a chance to work. And Mr. Diaz has already invested in the area. He would

6. NEW BUSINESS (CONT.)

B. South Bend Central Development Area

(1) continued...

like to have some control over the compatibility of that block with investments he has made. Snapping up this building continues the Commission's anti-business-friendly atmosphere. We're just increasing our portfolio of properties. Mr. Peczkowski asked that we hold off for two weeks to give the private sector a chance.

Ms. Laurent responded that the property is not being quickly taken off of anybody's radar screen as to what's available in the private market. She has had extensive conversations with the representatives of both of these properties as well as Mr. Diaz in that purchase. This has been an ongoing discussion in our department for a year or year and a half. This is not news, it's not being shoved down anybody's throat. This is a professional decision that we've arrived at together. Mr. Gendle is a straight forward business guy. Ms. Laurent has told him repeatedly that if he gets an offer, he let her know. We're not talking in wishful thinking. We've done our part in assessing the true market value. The folks who have been looking at the building might be interested in continuing that operation. We're trying to take a broader look at what we might like to see happen there. We'd like to incorporate Mr. Diaz's ideas, but Ms. Laurent has not seen him step forward and invest in his building the way he said he was going to.

Mr. Inks added that approval of Resolution No. 2388 does not obligate the Commission

6. NEW BUSINESS (CONT.)

B. South Bend Central Development Area

(1) continued...

to purchase this property. It does set an offering price and allows us to approach the property owner to try to negotiate purchase of the property. If there are good opportunities for private development, we won't stand in the way of that. But this does allow us to move forward with at least an initial offer on the property. Our understanding is that the asking price is significantly higher than what the Commission is offering this morning, so there will be a fair amount of negotiation ahead of us.

Mr. King noted that these buildings have elements that are well worth saving, but those elements and the buildings they are attached to are rapidly deteriorating. By our taking control of those buildings, we can provide some maintenance to prevent further deterioration, we are actually enhancing the prospects of a future private sector acquisition and rehabilitation for those buildings.

Mr. King made a motion that Resolution No. 2388 be approved. Mr. Downes seconded the motion. The motion passed on a vote of four to one with Mr. Peczkowski opposed.

COMMISSION APPROVED RESOLUTION No. 2388
RELATED TO ACQUISITION OF PROPERTY IN THE
SOUTH BEND CENTRAL DEVELOPMENT AREA

**(2) Commission approval requested for
proposal for professional services in the
South Bend Central Development Area.
(Title work, 513 & 505 S. Michigan St.)**

6. NEW BUSINESS (CONT.)

B. South Bend Central Development Area

(2) continued...

Ms. Laurent noted that staff received a proposal from Meridian Title Co. to perform a preliminary title search for the property at 505 and 513 S. Michigan St. for a cost of \$300. Staff recommends accepting the proposal.

Mr. Downes made a motion to approve the request for proposal and to accept the proposal from Meridian Title Co. for title work related to 505 and 513 S. Michigan St. at a cost of \$300. Mr. Blake seconded the motion. The vote was four to one with Mr. Peczkowski opposed. The motion carried.

COMMISSION ACCEPTED THE PROPOSAL FROM
MERIDIAN TITLE CO. FOR THE SCOPE OF
SERVICES AND FEE PROPOSED

**(3) Commission approval requested for
proposal for professional services in the
South Bend Central Development Area.
(Survey work, 520 S. Lafayette)**

Ms. Laurent noted that this item and the next two are related to disposition of the former Studebaker Museum site. The property is currently owned by the City of South Bend and the Redevelopment Authority. We would like to begin the process of bringing it under the Commission's ownership. We consider this a prime development site. We want to incorporate this property into the Coveleski neighborhood planning.

A request for proposals was issued for engineering services for the completion of an ALTA survey. Three proposals were received. Wightman Petrie for a fee of \$2,600; Abonmarche for \$3,200; and Danch

6. NEW BUSINESS (CONT.)

B. South Bend Central Development Area

(3) continued...

Harner for \$3,350. Staff recommends accepting the offer from Wightman Petrie.

Upon a motion by Mr. King, seconded by Mr. Downes and unanimously carried, the Commission approved the request for proposals for engineering services and accepted the proposal from Wightman Petrie for the scope of services and fee proposed. (Survey work, 520 S. Lafayette)

COMMISSION APPROVED THE REQUEST FOR PROPOSALS FOR ENGINEERING SERVICES AND ACCEPTED THE PROPOSAL FROM WIGHTMAN PETRIE FOR THE SCOPE OF SERVICES AND FEE PROPOSED (SURVEY WORK, 520 S. LAFAYETTE)

(4) Commission approval requested for proposal for professional services in the South Bend Central Development Area. (Appraisals, 520 S. Lafayette)

Ms. Laurent noted that three proposals for appraisals were received for the disposition appraisals for the former Studebaker Museum site. The two lowest were from Rick Pitts in the amount of \$2,300 and Dick McCloskey in the amount of \$2,000. Two appraisals are needed. Staff recommends approval of both.

Upon a motion by Mr. Downes, seconded by Mr. King and unanimously carried, the Commission approved the request for proposals and accepted the proposals from Rick Pitts and Richard McCloskey for the scope of services and fee proposed. (520 S. Lafayette)

COMMISSION APPROVED THE REQUEST FOR PROPOSALS AND ACCEPTED THE PROPOSALS FROM RICK PITTS AND RICHARD MCCLOSKEY FOR THE SCOPE OF SERVICES AND FEE PROPOSED. (520 S. LAFAYETTE)

(5) Commission approval requested for proposal for professional services in the South Bend Central Development Area.

6. NEW BUSINESS (CONT.)

B. South Bend Central Development Area

(5) continued...

**(Title work, 300-500 blocks S. Main St.,
former Studebaker National Museum site)**

Ms. Laurent noted that staff received a proposal from Meridian Title Co. for title work related to the former Studebaker Museum site. The proposal was for \$100 per parcel or \$600. Staff recommends accepting the offer.

Upon a motion by Mr. Downes, seconded by Mr. Blake and unanimously carried, the Commission approved the request for proposal and accepted the proposal from Meridian Title for the scope of services and fee proposed.

COMMISSION APPROVED THE REQUEST FOR PROPOSAL AND ACCEPTED THE PROPOSAL FROM MERIDIAN TITLE FOR THE SCOPE OF SERVICES AND FEE PROPOSED

(6) Commission authorization requested for United Way to hang banner on Wayne Street Garage beginning immediately and ending November 30, 2007.

Ms. Jennings noted that United Way of St. Joseph County has requested to hang an eight foot by forty-six foot vertical banner flush to the side of Wayne Street parking garage, facing St. Joseph St. until November 30. The banner will have the United Way logo along with a list of pacesetter community organizations and businesses thanking them for supporting United Way and encouraging the community to give to the United Way in support of a myriad of community services it supports. Staff recommends approval.

6. NEW BUSINESS (CONT.)

B. South Bend Central Development Area

(6) continued...

Upon a motion by Mr. Downes, seconded by Mr. Blake and unanimously carried, the Commission approved the request from United Way of St. Joseph County to hang a banner on the Wayne Street parking garage until November 30, 2007.

COMMISSION APPROVED THE REQUEST FROM UNITED WAY OF ST. JOSEPH COUNTY TO HANG A BANNER ON THE WAYNE STREET PARKING GARAGE UNTIL NOVEMBER 30, 2007

(7) Commission approval requested for proposal for professional services in the South Bend Central Development Area. (Master plan, Coveleski Neighborhood Planning Area)

Mr. Schalliol noted staff has solicited and received a proposal from HOK Sport, Inc. of Kansas City related to creating a master plan for the Coveleski Neighborhood planning area. HOK Sport has been involved with many urban ballpark projects and was the original designer of Coveleski in the 1980s. The planning area boundaries are Bronson Street on south, Scott Street on west, Wayne Street on north, and Michigan Street on east. The Fat Daddy's block is within this planning area, as is the former Studebaker Museum site and the Gates properties.

The scope of services for HOK is that they would do a master plan, working with us to develop short, medium and long term strategies for park improvements. The proposal has a Part A and Part B. Part A will develop a conceptual master plan for the study area which will include a development program, land use circulation plan, landscape and open space plan, and a phasing plan.

6. NEW BUSINESS (CONT.)

B. South Bend Central Development Area

(7) continued...

Part A will serve as a guide for property acquisition, demolition, and property reuse or rehabilitation. That part of the proposal has a fee of \$49,200.

The Coveleski neighborhood project proposes the study, design, and development of a mixed use project in and around the Coveleski neighborhood planning area: looking at Union Station, the Ivy Tower complex to the south, Gates Chevy and other properties at the south end of the city; and it proposes some improvements to the Coveleski ballpark.

Part B will develop a conceptual master plan for an upgrade and modification to Coveleski Stadium. Our main interest is to create a new entrance to the stadium northeast of the ballpark's center field area. HOK's fee for this portion of the plan is \$30,350. Staff requests approval of both Part A and Part B of the proposal for a total fee not to exceed \$85,000.

At the Commission's next meeting on November 2 a public hearing is scheduled on Resolution No. 2385 amending the boundaries of the South Bend Central Development Area and adding properties to the acquisition list. Some properties we actively want to acquire, others we want to be involved in. The main chunk of properties relates to the Gates properties. A young man has just purchased the synagogue just north of the ballpark for residential use, but doesn't

6. NEW BUSINESS (CONT.)

B. South Bend Central Development Area

(7) continued...

know whether he should invest money there if we're looking at reorienting the stadium. We'll work with him as we plan for the area and either work the synagogue into our plan or relocate him.

We want to get an idea of our potential costs before moving ahead on any of the project.

From a ballpark perspective, one of the pushes in the discussion, even 20 years ago when they designed the stadium, was the entrance into the park. The entrance is currently at the SW portion of the site. We're looking to move the entrance into the NE, entering from the outfield, and more naturally from the city. It is more logical, and better utilizes the outfield. When the park was developed, a walkway was included along the outfield. It is seldom used. A model for what we're considering is Victory Field in Indianapolis. Its entrance is at the outfield, which provides a nice area for picnics, a children's area, etc. Across from the entrance are the government center, parking garages, and parks.

Mr. Downes asked what the timeline is. Mr. Schalliol responded that the master plan will take about 6-8 weeks, beginning early November. We would try to purchase the Gates property by the end of the year. Gates won't be moving to the south side until spring or early summer. We wouldn't be in the position to begin any demolition of the Gates property until late 2008 or early 2009.

6. NEW BUSINESS (CONT.)

B. South Bend Central Development Area

(7) continued...

Mr. Peczkowski asked how many of the fields HOK has worked on are single A. Mr. Schalliol responded that Fort Wayne is single A, the Isotopes are single A. They have worked in every level of baseball.

Mr. Peczkowski said he understood that when a team is successful and requests improvements to their field, the city responds. He asked if the Silverhawks have been successful so that they deserve this kind of cooperation. Why would we tie up this large a sum of money when the ballpark serves only a limited number of people? He said the plan seemed like a nice daydream, but he couldn't see that it had much merit. Mr. Schalliol responded that the ballpark is a city park. The climate here makes its use seasonal, but it is used when the team is away for other civic and cultural events.

Mr. Peczkowski questioned whether any retail could succeed based on that limited and seasonal traffic. Mr. Schalliol responded that we expect the majority of new development to be residential. The retail will be more neighborhood retail than ballpark retail.

Mr. Peczkowski: The Granger church has already taken a little chunk in that section. Its use is non-profit, not retail. Your plan is going to have to deal with an investment that has already been made. If the neighborhood is going to reflect the services provided by the operation, where exactly are you going to get retailers who are interested in locating in

6. NEW BUSINESS (CONT.)

B. South Bend Central Development Area

(7) continued...

that kind of environment? Mr. Downes responded that the HOK study will determine if retail is feasible in that environment.

Mr. Gibney: Ken, what do you mean when you say “that kind of environment?”

Mr. Peczkowski: That, in the case of most retail operations, they would like to have other friendly retail right next to them.

Mr. Gibney: So, that’s what you mean by “that type of environment?” Are you saying anything about the clientele that would be coming to the Granger Community Church program? There seemed to be an implication that you were.

Mr. Peczkowski: No.

Mr. Gibney: Because that is a million dollar investment and I think it will attract other private sector, for-profit investment.

Mr. Peczkowski: How much experience do you have in retail?

Mr. Downes: That’s why we’re hiring HOK, to help us with these decisions. Bill, I thought you hit the nail on the head: This is a city park. It’s an asset of the city. It’s been there for twenty years, they just had their four millionth fan attend this year. This is a valuable asset to the city.

Mr. Peczkowski: Which we’re getting right

6. NEW BUSINESS (CONT.)

B. South Bend Central Development Area

(7) continued...

finally this time by reorganizing and changing the entrances. Yes, it's an asset.

Mr. Downes: I realize your hindsight is 20/20, as is everybody else's.

Mr. Downes made a motion to approve the request for proposal and to accept the proposal from HOK Sport, Inc. for the scope of services proposed and a fee not to exceed \$85,000. Mr. King seconded the motion. The vote was four to one with Mr. Peczkowski opposed. The motion carried.

COMMISSION APPROVED THE REQUEST FOR PROPOSAL AND ACCEPTED THE PROPOSAL FROM HOK SPORT, INC. FOR THE SCOPE OF SERVICES PROPOSED AND A FEE NOT TO EXCEED \$85,000

Mr. King expressed the desire that HOK follow our wishes and be sensitive that there are some parties in that area who are making investments now that need to be protected. Mr. Schalliol assured him they would.

(8) Commission approval requested for Lease Renewal in the South Bend Central Development Area. (LePeep Restaurant)

Mr. Inks noted that LePeep has been operating in the downtown since 2001. They are a name brand restaurant that's anchoring the Michigan Street shops. They have been a catalyst for other new development in the downtown. They took a risk in 2001 when they opened. That investment has paid some dividends for the city. Jefferson Centre has been renovated with ground floor retail since then, the coming renovation of 101 North Michigan, the soon-to-open Trio's. The Michigan Street Shops are 100% occupied

6. NEW BUSINESS (CONT.)

B. South Bend Central Development Area

(8) continued...

right now. LePeep has been able to make its lease payments over the last six years, except for two months. But they have not been in a position to cover some CAM reconciliation charges and maintenance charges. The total on those, including the two months back rent, is \$21,000. The lease renewal itself will reduce the rent for the space from \$10.50 per sft to \$9.37 per sft or about \$300 per month decrease. The CAM would increase on a monthly basis by about \$200. The net decrease in rent and CAM is about \$58 per month.

Mr. Inks noted that part of the proposal for the renewal is to waive the CAM reconciliation, maintenance and two months of rent totaling \$21,000 and that the first year of the new lease the rent would be at half the new rate. The final thing is a 6% additional rent on revenue exceeding \$600,000. While we're providing some incentive to keep LePeep as a tenant, should the business become very successful over the term of the lease, the Commission would stand to benefit from that success. LePeep will use these concessions over the next year to refocus on their business with the intent to increase and improve their operations and profitability.

There are other reasons, besides their refocusing. There are some coming improvements in the downtown that will probably be adding additional clientele or customers for their business. R.E.I.'s new hotel could be complimentary in supporting a

6. NEW BUSINESS (CONT.)

B. South Bend Central Development Area

(8) continued...

restaurant in downtown. The indirect benefit to LePeeps of some of the other activity that will be happening in the downtown, along with 101 N. Michigan as that project is completed, the opening of Trio's. The more of those types of things that occur, the more vibrancy and attraction there is for downtown for people and, hopefully, an indirect benefit for LePeeps as well.

Mr. Inks also noted, from a business decision standpoint, it's important for us to keep the tenants we have in place now. When we have vacancies, it usually takes three to six months to fill those vacancies. In this case, given the rent and space, that would amount to \$11,000 to \$22,000. Then, there would be new build-out costs. From a business standpoint staff feels that this lease renewal makes sense. Staff recommends approval.

Mr. Peczkowski said, "We have other businesses downtown that are in trouble. It's nice that we're the landlord."

Mr. Blake commented that Mr. Peczkowski has said that we are not business friendly. This appears to be pretty business friendly.

Upon a motion by Mr. Blake, seconded by Mr. King and unanimously carried, the Commission approved the terms of Lease Renewal with LePeep Restaurant in the South Bend Central Development Area.

COMMISSION APPROVED THE TERMS OF LEASE
RENEWAL WITH LEPEEP RESTAURANT IN THE
SOUTH BEND CENTRAL DEVELOPMENT AREA

6. NEW BUSINESS (CONT.)

C. Airport Economic Development Area

- (1) Commission approval requested for proposal for professional services in the Airport Economic Development Area. (Title work, 1624 and 1630 Maplewood)**

Mr. Witwer noted that 1624 and 1630 Maplewood were added to the Airport Economic Development Area acquisition list following a public hearing at the beginning of the meeting. Meridian Title Co. has submitted a proposal to complete title work on the two properties for a cost of \$300. Staff recommends accepting the proposal.

Upon a motion by Mr. Downes, seconded by Mr. Blake and unanimously carried, the Commission approved the request for proposal and accepted the proposal from Meridian Title Co. for the scope of services and fee proposed.

COMMISSION APPROVED THE REQUEST FOR PROPOSAL AND ACCEPTED THE PROPOSAL FROM MERIDIAN TITLE CO. FOR THE SCOPE OF SERVICES AND FEE PROPOSED

D. West Washington-Chapin Development Area

- (1) Quarterly report by South Bend Heritage Foundation on progress at the Engman Natatorium.**

Ms. Charlotte Sobel of South Bend Heritage Foundation gave the progress report on the Engman Natatorium. The new back portion of the building is completely sheathed. The project should be completely sealed against the weather before the onset of winter. Neighbors who pass by and comment are very excited and enthusiastic about it. 21st Century Scholars, IUSB Civil Rights Heritage people, and others have toured it and understand the significance of the city's

6. NEW BUSINESS (CONT.)

D. West Washington-Chapin Development Area

(1) continued...

investment in helping us preserve this extraordinary civil rights asset.

Mr. King asked about Ms. Sobels's satisfaction with the new portion's structural integration with the original building. Ms. Sobel responded that the addition of the steel to carry through the feel of what happened in the pool with the girders up above is fabulous. The feel will be there.

Mr. Downes asked when the project is expected to be substantially complete. Ms. Sobel responded that fundraising is nearly complete, depending on how construction bids come in. They intend to re-bid the project after ownership is transferred to South Bend Heritage. Though that will slow completion, under South Bend Heritage's ownership there won't be so many legalities to follow and the cost should come down. Under a best case scenario, it could be complete in summer 2008.

Mr. Peczkowski asked if the property will, then, be tax exempt when owned by South Bend Heritage. Ms. Sobel responded that it will be tax exempt as an educational facility of IUSB. It was never on the tax rolls, owned by the city since the 1920s.

Mr. Peczkowski asked why South Bend Heritage would take on management of the building. Ms. Sobel responded that their interest in it is due to its presence in the heart of the neighborhood South Bend Heritage

6. NEW BUSINESS (CONT.)

D. West Washington-Chapin Development Area

(1) continued...

has invested itself in. They want to preserve the building and dedicate the memory of this building and what it stood for in segregation in the city and transform it into a reflection of what the African American struggle has been in our community.

Mr. Peczkowski said that tells him the philosophy of it, but economically, what's the underpinning here for our funds plus the funds that you are raising. Ms. Sobel responded that the underpinning is part of the work that we had in Community & Economic Development to rebuild the fabric of the neighborhood. This is around the corner from the museum that South Bend Heritage just did the acquisition, site assembly, the construction management, and a lot of the predevelopment work. We are doing the same thing for the KROC center right down the street. This is part of our rebuilding the Near Westside neighborhood.

Mr. Peczkowski: So what do you anticipate as far as revenues? Is there going to be a fee to enter?

Ms. Sobel: No. This is a free facility.

Mr. Peczkowski: So you are raising money how?

Ms. Sobel: We are writing grants.

Mr. Peczkowski: So grants will be the way that it's going to be paid for forever.

6. NEW BUSINESS (CONT.)

D. West Washington-Chapin Development Area

(1) continued...

Ms. Sobel: Well, the operations are going to be underwritten by IUSB because IUSB is going to be managing the facility as part of its Civil Rights Heritage Center.

Mr. Peczkowski: And they are on line for life?

Ms. Sobel: I can't commit the university for life, but they are on line.

Mr. Peczkowski: If IUSB just happens to disappear...

Ms. Sobel: Then the property belongs to South Bend Heritage Foundation.

Upon a motion by Mr. King, seconded by Mr. Downes and unanimously carried, the Commission acknowledged receipt of the Quarterly Report from South Bend Heritage Foundation on progress at the Engman Natatorium.

COMMISSION ACKNOWLEDGED RECEIPT OF THE
QUARTERLY REPORT FROM SOUTH BEND
HERITAGE FOUNDATION ON PROGRESS AT THE
ENGMAN NATATORIUM

E. South Side Development Area

F. Northeast Neighborhood Development Area

There was no business in the Northeast Neighborhood Development Area.

6. NEW BUSINESS (CONT.)

H. Tax Abatements

- (1) Commission approval requested for Resolution No. 2389 approving an application for real property tax deduction for property located in Section I of The Villas at Blackthorn in the Airport Economic Development Area. (Extension of Resolution No. 1917 approved abatement for Cooreman Real Estate Group)**

Mr. Mathia gave the staff report. The Cooreman Real Estate Group is the developer of the Villas at Lake Blackthorn subdivision located directly north of Brick Road and west of and adjacent to the U.S. 31 Bypass. It is also adjacent to the Blackthorn Corporate Park. The subdivision was granted a five-year residential real property tax abatement by the Common Council on December 9, 2002. Part of the Common Council process is to designate the development as a Residentially Distressed Area (RDA) for five years while the property is sold and developed. The developer has to date only sold about half of the properties in the subdivision. That five year RDA designation expires November 11, 2007. Without the RDA designation, the remaining lots cannot offer tax abatement. Cooreman Real Estate Group is asking that the RDA designation be extended one year.

Mr. Mathia noted that an extension doesn't affect the TIF in the development area because residential improvements don't contribute to TIF.

Ms. Jones asked if extensions are granted

6. NEW BUSINESS (CONT.)

H. Tax Abatements

(1) continued...

very often. Mr. Mathia said they are not. He is aware of only one other time.

Ms. Jones asked if there is a limit to how many extensions may be granted. Mr. Mathia responded that there is not. This request is for a one-year extension because it is needed before the existing one expires on November 11. The intent would be to apply for a new five-year abatement for the remaining property before the extension expires. There isn't time to take a new abatement to two Council meetings before November 11.

Mr. Peczkowski asked to what Cooreman attributed the lack of interest in these lots. Ms. Donna Chamblee, Cooreman Real Estate Group, said that they were selling property in two subdivisions at the same time. The Villas at Lake Blackthorn were in the city limits, with city taxes. Westwood Knolls at Blackthorn, adjacent to the Villas at Lake Blackthorn, had city amenities, but was not in the city limits. Faced with choosing between similar lots, with or without city taxes, buyers chose the Westwood Knolls more often. Westwood Knolls is 90% sold, so sale of the lots in the Villas should now increase.

Mr. Peczkowski noted that the lots may sell without abatement now that Westwood Knolls is no longer available.

Ms. Chamblee said that the abatement is very

6. NEW BUSINESS (CONT.)

H. Tax Abatements

(1) continued...

necessary to sell lots in South Bend. It has been a big marketing tool for them.

Mr. Peczkowski asked if the area deserved abatement in 2002 because it was considered blighted. Ms. Chamblee responded that it just wasn't a growth area in 2002.

Mr. Peczkowski asked if it is a growth area now. Ms. Chamblee responded that it is improved, but not fabulous. It still needs the help of abatement to be able to sell the lots. With development at Portage Prairie to begin soon, this area should become more popular.

Mr. Downes made a motion to approve Resolution No. 2389 approving an application for real property tax deduction for property located in Section I of The Villas at Blackthorn in the Airport Economic Development Area. Mr. King seconded the motion. The vote was four to one with Mr. Peczkowski opposed. The motion carried.

COMMISSION APPROVED RESOLUTION No. 2389
APPROVING AN APPLICATION FOR REAL
PROPERTY TAX DEDUCTION FOR PROPERTY
LOCATED IN SECTION I OF THE VILLAS AT
BLACKTHORN IN THE AIRPORT ECONOMIC
DEVELOPMENT AREA

7. PROGRESS REPORTS

Mr. Mathia reported that there were ten tax abatements held up before they went to the Common Council for their confirming resolutions. Between the declaratory resolution and the confirming resolution a Memorandum of Agreement is written and signed. We wanted to add some new language to the Memorandum of Agreement concerning the circuit breaker tax. Those changes were finally approved by the Council's attorney, so the ten abatements have now had their confirming resolutions approved by the Council.

PROGRESS REPORTS

7. PROGRESS REPORTS (CONT.)

Mr. Inks noted that staff is continuing to move the Eddy Street Commons project forward, putting together a development agreement. We have been keeping the Council informed, so as we get close to working with them, they will be up to speed on the project.

Mr. Inks also noted that staff is also starting to move forward on the South Bend Lathe demolition. We expect to take bids late in November and start the actual demolition in December. That should really open up the Studebaker Industrial Park to a view from Sample Street.

Mr. Witwer reported that the Olive Road expansion north of the Toll Road bridge and Brick west of the bypass is complete and under budget.

Ms. Laurent reported that the 101 N. Michigan project has been on hold, waiting for approval of the Historic Tax Credits application. That approval has finally been issued, triggering the financial commitment that Toothaker & Company needed to provide us. Majority Builders will be awarded the contract Monday morning.

8. NEXT COMMISSION MEETING

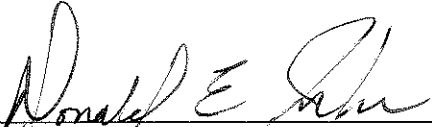
The next meeting of the Redevelopment Commission is scheduled for Friday, November 2, 2007 at 10:00 a.m. at Madison Center Meeting Room West.

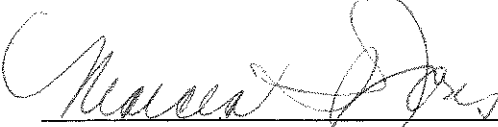
NEXT COMMISSION MEETING

9. ADJOURNMENT

There being no further business to come before the Redevelopment Commission, Mr. King made a motion that the meeting be adjourned. Mr. Downes seconded the motion and the meeting was adjourned at 11:20 a.m.

ADJOURNMENT


Donald E. Inks, Director


Marcia I. Jones, President